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25 August 1982

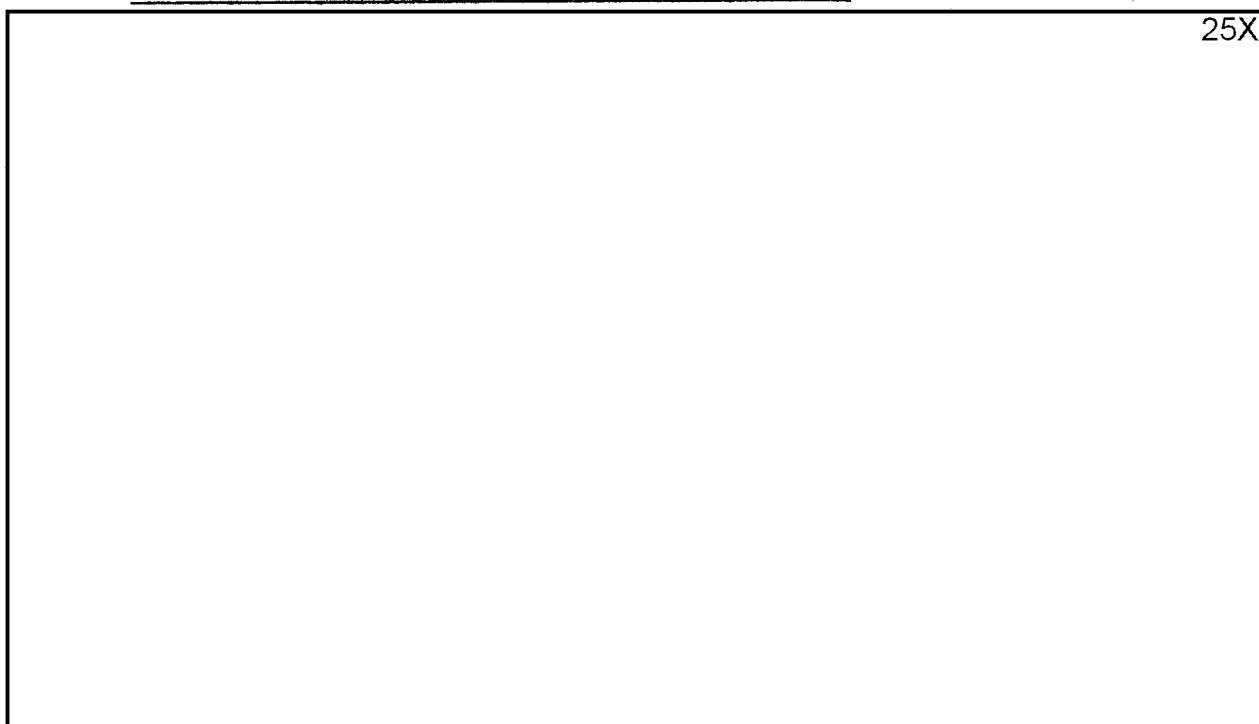
NOTE FOR DCI

FROM: Acting Deputy Director for Intelligence

SUBJECT: Current Intelligence Items of Interest During Your
Absence

1. Things went smoothly. The following are some highlights:

a. Current Intelligence Treatment in PDB



b. Briefings. Bush and Clark out of town a good deal; Weinberger away briefly; Shultz here. The following is a brief summary:

--Clark/McFarlane: primary interests Lebanon and, last week, Mexico; very keen on being kept abreast of anything re MIGs in Central America, Soviet grain and pipeline (specifically) and economy (generally), and Poland.

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--Bush: before and since trip to Colombia (for inauguration), increased interest in Caribbean Basin (including northern South American) countries. Very

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--Shultz: settling in and finally (last Thursday) moved to new home though we are continuing--for time being--to brief in his office. Of all principals, he spends the most time on articles; he seems to like analysis--and this even extends to hard cover pubs on which he has commented favorably.

--Weinberger: Interests have been same as others and his interest has not lessened.

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Office of European AnalysisHighlights

• EURA is participating in drafting a fast track SNIE on INF looking at the Soviet-US relationship and West European deployment prospects to be published by Labor Day. The SNIE grew out of concerns which [] raised upon his return from Geneva regarding Soviet threats to halt arms control talks if missiles are delivered to Europe and the possibility that some Europeans may change their minds about basing the weapons.

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• [] requested a fast track SNIE on Poland for Secretary Shultz. EURA argued that it would be better from an analytical point of view to hold off until early September to see what happens during the last two weeks in August when Solidarity has called for resistance. State prevailed and provided a drafter. EURA wrote the economic section. [] will chair a community meeting on Friday, 27 August on the first draft.

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• Under NIO auspices EURA and SOVA participated in discussions on 12 August with Under Secretary of State Designate Kenneth Dam on Soviet and East European economic problems and their likely political consequences.

• On 16 August EURA and SOVA had discussions with NSC economic staffer Roger Robinson [] reports concerning FRG financial bail-out of the GDR. []

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) In his view, the West Europeans are providing more financial aid to Eastern Europe and the Soviet Union than they are willing to admit. He asked that we be especially alert to any evidence of such activities.

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OFFICE OF GLOBAL ISSUES

1. At the request of Judge Clark, OGI is preparing a report on the efficacy of economics sanctions as an instrument of foreign policy. Regional offices will be asked for contributions. The study will be completed by early November 1982.

2. The DDCI has assigned responsibility for overseeing the Agency's terrorism effort to the Executive Director, who is now looking into the issues of DDI/DDO colocation, the terrorism minicomputer data base system, and the service that will be provided to other agencies.

3. [] returned 11 August from his West European trip where he held indepth discussions in the major capitals on the issues of terrorism, the Soviet-West European pipeline and US sanctions, and other global topics. A recurring concern of the consumers he talked to was that they are not getting all of the intelligence information they need--particularly those papers that lay out the rationale that leads to policy decisions. OGI is now routinely reviewing papers with that concern in mind.

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OFFICE OF SOVIET ANALYSIS

1. [] took the lead in an 11 August briefing for the Senate Foreign Relations Committee on the Soviet economy, economic dependence on the West, and the military-economic tradeoff. This classified briefing preceded open hearings on 12-13 August by non-administration witnesses who testified on the effectiveness of US economic pressures to affect Soviet policies.

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2. The sanctions problem continues to consume much effort. Papers were provided for Secretary Regan's use at a 3 August SIG meeting and materials were prepared for Buckley and Olmer to use before the Senate Foreign Relations Committee on 3 and 4 August. And on 13 August, a memo was prepared for Buckley on the impact of the US embargo on oil and gas equipment technology of the USSR.

3. SOVA drafted a memorandum on 19 August in response to an NSC request for information on the possible use of forced labor on the Siberian gas pipeline. A memorandum on the same subject was requested by the NIO/USSR for Richard Burt to pass to the Secretary of State, by the SSIC, and by Senator Percy.

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Significant Activities During 6-24 August Absence of DCI

NIO/NESA

1. Upon the recommendation of the Acting DCI, NIO/NESA forwarded directly (and solely) to Secretary Shultz an internal memorandum on "Implications of a Palestinian Political Entity." The paper addresses the question of what such an entity would look like while making no judgment as to the likelihood of such an entity being created. Although consideration had been given to producing the paper as an Intelligence Community project, State Department strongly expressed its view that the subject was so sensitive, and the risk of leak so great, that it would be preferable to provide it only to Secretary Shultz and to forego seeking a Community imprint.

NIO/NESA had added to its schedule of planned interagency papers the following:

- Prospects for Pakistan. This paper is being prepared in anticipation of the scheduled December visit to Washington of Pakistan President Zia.
- Regional Impact of the Lebanese Invasion. In the wake of the completion of the PLO withdrawal from Beirut, this paper will assess internal and international implications for regional actors -- Lebanon, the moderate Arabs, the radicals, Israel -- as well as for the US and the USSR.
- Prospects for US-Egyptian Relations. President Mubarak's hard stance in resisting US initiatives relating to the Lebanese situation as well as to strategic cooperation and resumption of the autonomy talks has caused analysts to question the depth and likely duration of bilateral strains. This paper will address those concerns.

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NIO/Economics

Pipeline Sanctions

An important SIG/IEP meeting took place on 24 August to consider policy options concerning pipeline sanctions and make recommendations to the President. It was attended by the most senior available members of each department and chaired by Secretary Shultz in Secretary Regan's absence. CIA did not provide major new in-puts. A memorandum on the meeting is available.

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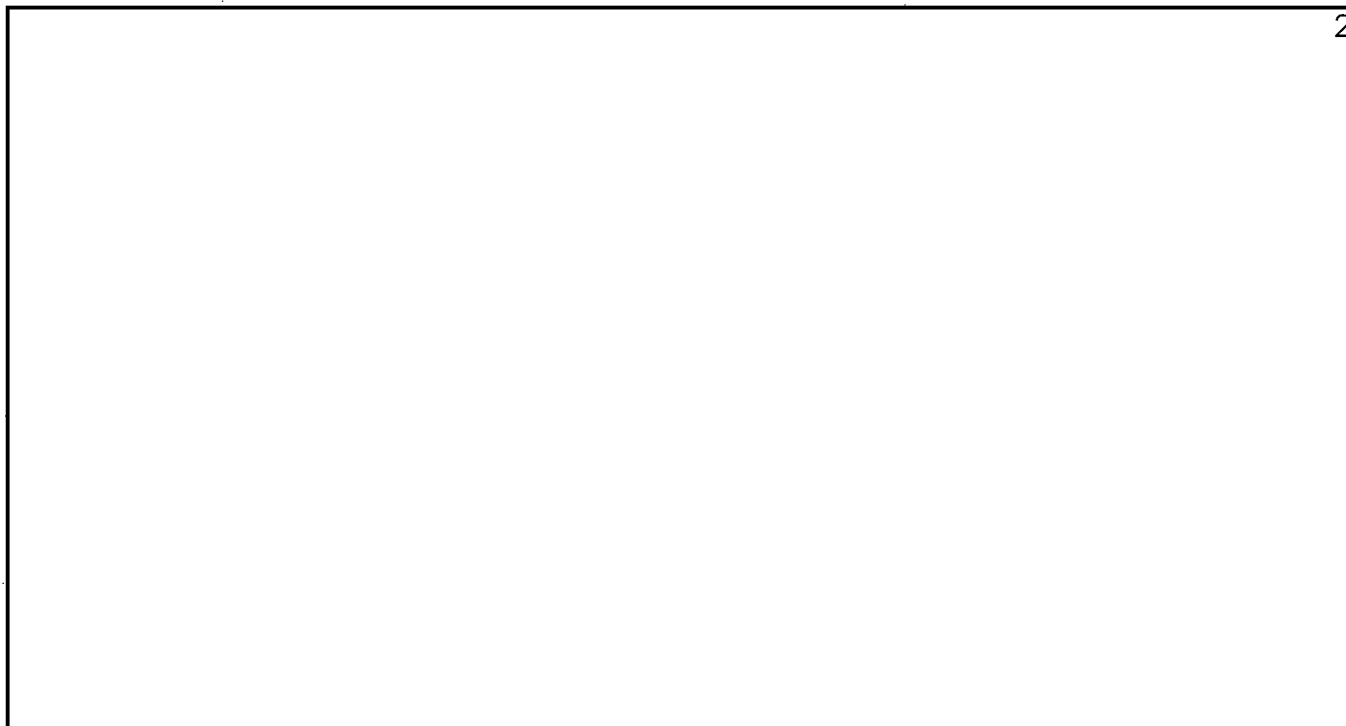
Significant Activities/Developments (A/NIO/LA)

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Radio Marti. At the request of General Stillwell, the Joint Chiefs of Staff are preparing a paper on US options for countering Cuban threats to disrupt US radio broadcasting. When this paper is completed -- about 15 September -- the intelligence community will be asked to estimate Cuban responses to the proposed US measures. (See tasking memo, Tab B.)

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